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LAW OFFICES  
**FENNEMORE CRAIG**  
A PROFESSIONAL CORPORATION

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Arizona Corporation Commission  
**DOCKETED**

AUG 23 2004

DOCKETED BY 

August 23, 2004

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**BY HAND DELIVERY**

Steve Olea, Assistant Director  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

Re: Pine Water Company - Draft Notice  
Docket No. W-03512A-03-0279  
Decision No. 67166 (August 10, 2004)

AZ CORP COMMISSION  
DOCUMENT CONTROL

2004 AUG 23 P 4: 28

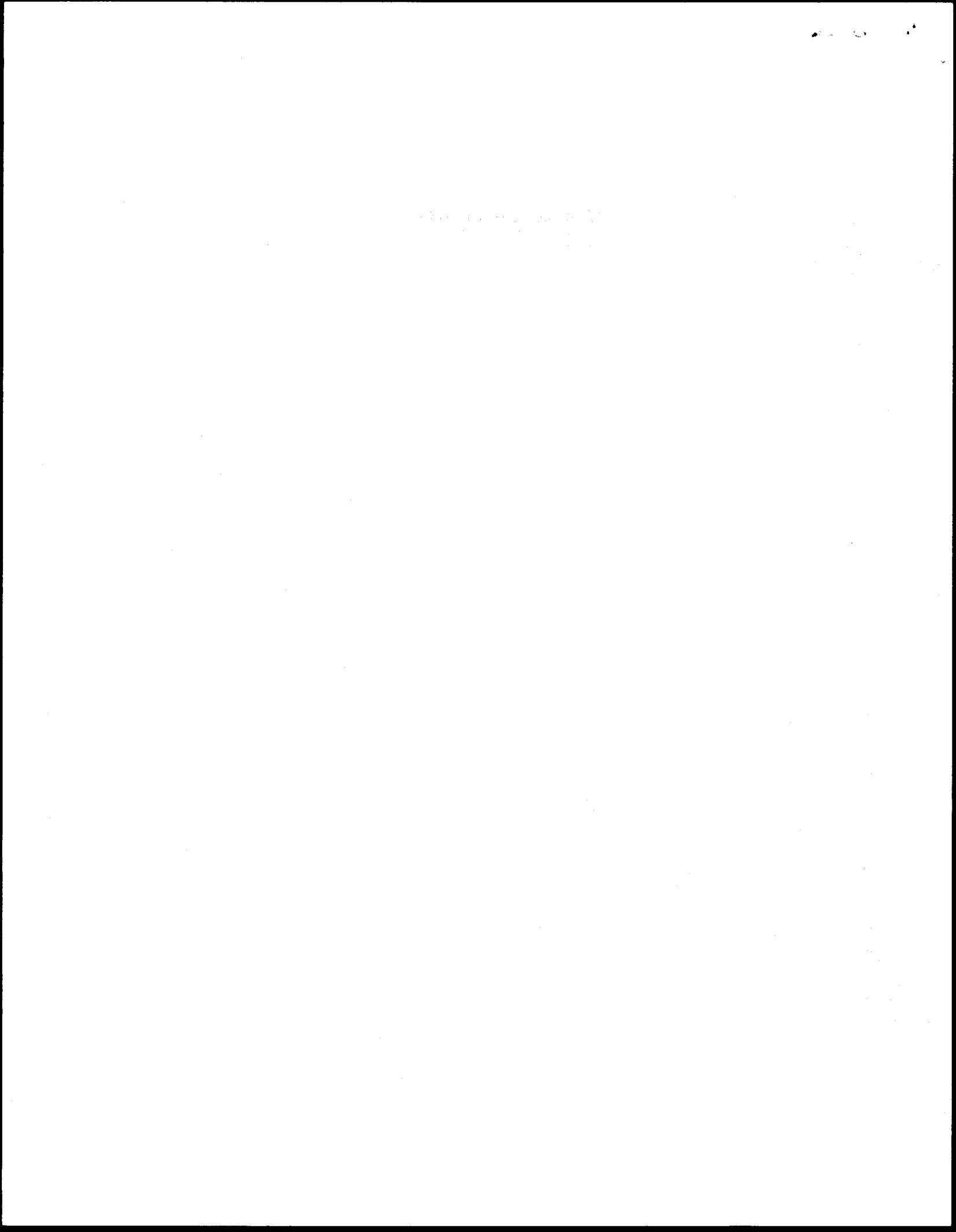
RECEIVED

Dear Mr. Olea:

Pursuant to Commission Decision No. 67166, Pine Water Company, Inc. ("PWCo.") is required to submit a draft notice to customers for Staff approval. The notice must provide information regarding PWCo.'s revised schedules of rates and charges, the backup number for the customer service Call Center and an illustration of the potential impact the Water Augmentation Surcharge will have on residential customers.

Enclosed please find PWCo.'s draft notice submitted for Staff's approval. Although PWCo. has yet to receive the backup number for the Call Center, which it has ordered, the number should be issued this week. However, because the Commission prefers that PWCo. provide notice soon after new rates go into affect on September 1, 2004, PWCo. believes that approving the structure and content of the notice now will allow it to notify customers in a regularly scheduled billing after the backup Call Center number is issued.

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# FENNEMORE CRAIG

**BY HAND DELIVERY**

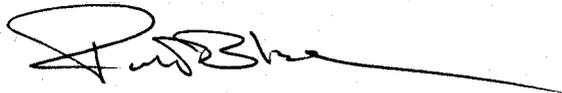
Steve Olea, Assistant Director

August 23, 2004

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Should you have any questions or comments, please do not hesitate to contact me at your convenience. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Patrick J. Black", with a long horizontal flourish extending to the right.

Patrick J. Black

cc: Docket Control  
Robert Hardcastle, Pine Water Company, Inc.  
Gary Horton, Legal Division  
Brian Bozzo, Compliance Manager

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Pine Water Co., Inc.

**IMPORTANT**  
**PUBLIC NOTICE**

On August 10, 2004, the Arizona Corporation Commission ("Commission") issued Decision No. 67166 ("Order"), which approved new rates and charges for Pine Water Company, Inc. ("PWCo") customers effective September 1, 2004.

RATES

In its Order, the Commission approved an 11.81% increase in PWCo's annual revenue, with a new rate design that provides for tiered rates, with differing rates based on meter size and seasonal usage. This rate design provides PWCo's customers incentives to promote conservation.

The minimum monthly usage charge remains unchanged for customers previously on the Rate Code 14A schedule, while the minimum monthly usage charge has been *decreased* for customers previously on the Rate Code 14B schedule. The result is one monthly usage charge applicable for all PWCo customers, as follows:

5/8 x 3/4" Meter	\$18.45	4" Meter	\$147.60
3/4" Meter	\$21.22	5" Meter	\$250.00
1" Meter	\$24.54	6" Meter	\$400.00
1 1/2" Meter	\$36.90		
2" Meter	\$64.58		
3" Meter	\$92.25		

The rate includes three tiers, and is based on seasonal usage and meter size as follows:

Residential / Commercial – Per 1,000 Gallons      Winter (Oct. – Apr.)      Summer (May – Sept.)

Tier No. 1

5/8 x 3/4 Inch Meter:	0-2,000 Gallons	3.95	6.00
1 inch and Larger:	0-2,000 Gallons	3.95	6.00

Tier No. 2

5/8 x 3/4 Inch Meter:	2,001-6,000 Gallons	4.96	7.00
1 inch and Larger:	2,001-6,000 Gallons	4.96	7.00

Tier No. 3

5/8 x 3/4 Inch Meter:	Over 6,000 Gallons	6.00	8.00
1 inch and Larger:	Over 6,000 Gallons	6.00	8.00

## OTHER CHARGES

Service line and Meter Installation charges have been increased for all sizes of meters. For a typical residential customer, the increase will be from \$430 to \$500. Reconnection charges have also increased for some customers as a result of the approved rates, which makes these charges consistent for all PWCo customers. The increase to affected customers will be \$35 to reconnect a delinquent account (previously \$20), and \$45 for any after-hours reconnection (previously \$30).

## WATER AUGMENTATION SURCHARGE

In its Order, the Commission made permanent the Water Augmentation Surcharge ("Surcharge") it approved in Decision No. 65914 (May 16, 2003). The Surcharge applies only in instances where PWCo must haul water to its system by truck due to extreme supply shortages, and is typically employed only in summer months when usage increases substantially due to seasonal residents. Here is an illustration based on actual costs from June 2004:

### **Water Augmentation Cost Detail for June 2004**

Transportation Costs:	\$14,443.00
Purchased Water:	\$3,942.00
Total Costs:	\$18,385.00
Total Water sold in June (gallons)	5,412,270
Surcharge per gallon:	\$0.00339696
Surcharge per 1000 gallons:	\$3.40 (rounded to nearest cent)

The typical residential customer was surcharged \$3.40 per every thousand gallons of water used when water supply was hauled by truck in June to supplement PWCo's system.

## CALL CENTER

Please contact PWCo Call Center at **(800) 270-6084** if you experience any problems with service, which includes reporting an outage, leak or other damage to the water system. In the unlikely event you are unable to reach the Call Center to report an outage, leak or other damage to the water system, PWCo has a temporary backup emergency call-in number. The backup number is ( ) \_\_\_\_\_. Please note, however, that PWCo's temporary backup call-in number should not be used before customers exhaust normal use of the regular Call Center numbers, and it is not available for billing and other customer service inquiries.